



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

THE OPERATION OF BIMETALLISM IN FRANCE.

THERE are, from a legislative point of view, two main divisions of the monetary history of France during the present century. The first covers the period from the passage of the law of 1803 to the limitation of the coinage of silver in 1873 and the final abrogation, in 1876, of the right of free coinage. The second extends from 1876 to the present time. During the period 1803–1876 there were two clearly marked epochs. Of these the first lasted from 1803 to 1848; the second from 1848 to 1873. The first was a period of silver circulation, the second of gold. The transition from the first to the second period was due directly to the new gold which was enabled to effect an entrance into the circulation through the operation of the law of 1803.

This act is frequently referred to as a bimetallic act. The justice of such an attitude toward it will not here be discussed.¹ Whatever the intent of the framers of the law may have been, there can be no doubt that under it France was provided from 1803–1848 with a circulation almost exclusively of silver, while during the early part of the succeeding epoch (1848–1859) the proportions of gold and silver in circulation were almost exactly reversed.

It is with regard to the change in the circulation which occurred from 1848 to 1858 that it is now proposed, by way of orientation, to furnish a few facts.

The ratio of $15\frac{1}{2}:1$ established by the law of 1803 was, at the time of the passage of the law, almost in accord with the facts of the relative market value of the two methods. From 1801–1804 (inclusive) the ratio was constantly below $1:15\frac{1}{2}$, from 1805–1813 it was nearly always above that figure and from 1814–1819 it was again continually below. After 1820 the ratio rose above $1:15\frac{1}{2}$ and continued to remain so, up to the time of the gold discoveries.²

This rise of gold with respect to silver may be traced to three

¹ On this point the collection of French documents dating from 1785–1803, made by Mr. Horton and reprinted in the *International Monetary Conference Report of 1876*, pp. 241–327, may be consulted.

² LAUGHLIN, *History of Bimetallism in the United States*. Appendix II. pp. 222–223.

principal changes in the demand for the yellow metal (its production remaining uniform during the period 1800–1848). These changes were:

- (1) The adoption of the gold standard by England (1816).
- (2) The action of Holland in raising the ratio to 1:15.873 (1816).
- (3) The action of the United States in raising the ratio to 1:16 (1834).

Owing to the fact that in consequence of these demands gold was more valuable in the market than at the mint it was impossible that gold should circulate in France by the side of silver until the ratio should change. This did not occur until 1849, when the changes in the other (the supply) side of the equation reduced the value of gold as compared with silver to a point below $15\frac{1}{2}:1$; for during the whole period 1803–1848 the law of 1803 continued in practically unimpeded operation.^x

It naturally resulted from the undervaluation of gold by France, that it was hoarded or exported in considerable quantities, while on the other hand large amounts of silver flowed in to take its place. The following table displays the effect of the law of 1803 in driving out gold up to 1848, and after that date in driving out silver:

^x The period from 1803–1860 includes no epoch-making monetary act. The more important monetary laws of the period are those of:

7 Germinal An XI, *Bulletin des Lois*, third series, vol. viii. No. 265, p. 43.

28 Germinal An XI, *Registres des délibérations du Gouvernement de la République*

28 Germinal An XI.

11 May	1807,	<i>Bulletin des Lois</i> ,	fourth	series,	vol. vi.	No. 246, p.	136.
18 Aug.	1810,	"	"	fourth	"	xxx.	No. 308, p. 145.
14 June	1829,	"	"	eighth	"	x.	No. 295, p. 377.
28 March	1830,	"	"	eighth	"	xii.	No. 346, p. 195.
17 Aug.	1830,	"	"	ninth	"	i.	No. 2, p. 31.
8 Nov.	1830,	"	"	ninth	"	i.	No. 22, p. 371.
25 Feb.	1835,	"	"	ninth	"	x.	No. 354, p. 107.
10 July	1845,	"	"	ninth	"	xxxi.	No. 1218, p. 33.
3 May	1848,	"	"	tenth	"	i.	No. 34, p. 366.
3 May	1848,	"	"	tenth	"	i.	No. 34, p. 370.
22 May	1849,	"	"	tenth	"	iii.	No. 168, p. 551.
31 July	1850,	"	"	tenth	"	vi.	No. 304, p. 367.
30 April	1852,	"	"	tenth	"	ix.	No. 531, p. 1281.
6 May	1852,	"	"	tenth	"	ix.	No. 529, p. 1253.
12 Jan.	1854,	"	"	eleventh	"	iii.	No. 125, p. 46.
22 March	1854,	"	"	eleventh	"	iii.	No. 150, p. 688.
15 July	1854,	"	"	eleventh	"	xiv.	No. 202, p. 117.
12 Dec.	1854,	"	"	eleventh	"	iv.	No. 247, p. 996.
7 April	1855,	"	"	eleventh	"	v.	No. 291, p. 805.
12 March	1856,	"	"	eleventh	"	vii.	No. 370, p. 331.
31 Jan.	1857,	"	"	eleventh	"	ix.	No. 469, p. 147.
19 Feb.	1859,	"	"	eleventh	"	xiii.	No. 667, p. 192.
18 July	1860,	"	"	eleventh	"	xvi.	No. 82, p. 181.

FRENCH IMPORTS AND EXPORTS OF PRECIOUS METALS, 1815-1875.
(IN MILLIONS OF FRANCS)

	GOLD						SILVER						GOLD AND SILVER									
	IMPORTS			EXPORTS			IMPORTS			EXPORTS			IMPORTS			EXPORTS						
	Billion	Coin	Total	Billion	Coin	Total	Billion	Coin	Total	Billion	Coin	Total	Billion	Coin	Total	Billion	Coin	Total				
1815	6	23	29	22	13	35	...	...	...	6	23	45	...	...	...	31	7	...			
1816	3	16	19	10	13	23	4	23	131	154	1	23	144	...	...	49	155	...			
1817	7	36	43	...	19	24	...	15	117	132	2	32	120	...	...	112	155	...			
1818	10	49	59	1	9	16	49	21	139	160	5	52	57	...	...	88	89	...			
1819	4	11	15	7	13	20	...	5	19	151	170	27	37	64	...	110	138	...				
1820	2	6	8	12	8	20	...	12	29	109	138	11	35	46	...	126	177	...				
1821	3	7	10	25	51	51	41	39	118	157	9	45	54	...	18	51	...					
1822	4	8	12	5	6	11	6	107	151	14	55	60	...	14	61	...	106	145	...			
1823	5	16	21	9	12	17	9	81	107	14	46	60	47	...	129	129	...	129	129	...		
1824	5	39	44	3	3	6	38	13	49	89	138	17	68	85	...	159	119	...	159	119	...	
1825	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	18	19	...	217	252	...
1826	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	106	95	...	106	95	...
1827	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	201	106	...	201	106	...
1828	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	244	83	...	244	83	...
1829	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	251	135	...	251	135	...
1830	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	174	175	...	174	175	...
1831	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	208	29	...	208	29	...
1832	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	189	...	...	189	...	...
1833	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	147	...	...	147	...	...
1834	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	160	...	...	160	...	...
1835	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	192	98	...	192	98	...
1836	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	136	82	...	136	82	...
Total	54	212	266	120	145	265	111	111	373	1,494	1,867	135	499	634	1,233	2133	899	1234	...	2133	899	...

GOLD AND SILVER									
GOLD					SILVER				
IMPORTS		EXPORTS		EXCESS	IMPORTS		EXPORTS		EXCESS
Bullion	Coin	Bullion	Coin	Export Import	Bullion	Coin	Bullion	Coin	Export Import
Total		Total			Total		Total		
1849	5	12	1	5	6	62	229	291	44
1850	30	61	32	12	44	25	130	155	47
1851	22	94	14	17	31	21	158	179	244
1852	19	40	59	11	42	17	22	158	183
1853	261	58	319	6	24	289	17	96	113
1854	368	113	481	9	56	65	12	88	100
1855	275	106	381	5	158	163	43	78	121
1856	273	192	465	1	89	90	375	12	98
1857	291	278	569	3	120	123	446	18	80
1858	253	301	554	1	65	66	488	15	146
1859	338	369	727	5	183	188	539	12	199
Total	2155	1589	3744	88	760	848	2896	259	1460
1860	279	191	470	32	127	159	311	12	119
1861	17	227	244	58	210	268	165	24	151
1862	119	283	402	42	195	237	165	28	132
1863	83	287	370	86	272	358	12	28	133
1864	110	354	464	33	306	339	125	64	204
1865	96	323	419	56	213	269	150	94	142
Total	1665	2369	307	1323	1630	763	24	247	853
1866	169	644	813	68	280	348	465	75	175
1867	225	369	594	43	142	185	409	70	184
1868	200	293	493	30	251	281	212	64	129
1869	157	298	455	36	144	180	275	64	129
1870	69	241	310	100	91	191	119	32	74
Total	1845	2665	277	908	1185	1480	...	305	691
1871	8	136	144	3	355	358	...	214	47
1872	19	123	142	6	189	195	...	54	54
1873	38	138	176	8	276	284	...	108	202
Total	65	397	462	17	820	837	...	375	393
1874	128	389	517	3	8	86	431	87	484
1875	212	381	593	26	113	139	454	113	166
Total	340	770	1110	29	196	225	885	200	513
Genl.	4138	6478	10102	838	4152	5400	6220	608	1687
Total	4138	6478	10102	838	4152	5400	6220	608	1687

Influx of the new gold.
Influx of the new gold.

See *Enquête sur la Circulation Monétaire et Fiduciaire de 1869*, vol. vi, pp. 534, 535.

Report from select committee on Depreciation of Silver, 1876, Appendix pp. 86, 87 (after the official customs returns).

Formation of the Latin Union.
Formation of the Latin Union.

Suspension of silver coinage.
Suspension of silver coinage.

Suspension of silver coinage.
Suspension of silver coinage.

Thus, so far as the figures for the period 1803-1836 are complete, it is seen that the exports of gold were almost constantly in excess of the imports. Up to 1837 exports of gold amounted to 410 million francs and imports to 396, while silver imports were 1450 millions and silver exports 418 millions, leaving a net import of 1032 millions of francs in silver and a net export of 14 millions in gold.

There is, furthermore, reason to believe that the exports of gold consisted chiefly of coin, while the imports of gold were largely of bullion. At all events, by 1848 the gold coin of France (estimated by Gaudin in 1803 at one-third the total coin circulation of France) had almost wholly disappeared.¹

¹ Important testimony on this point is yielded by the *Enquête sur la Question Monétaire* (Conseil Supérieur du Commerce, de l'Agriculture et de l'Industrie).

"In 1808," says the *Enquête*, "the metallic circulation of France was valued at 800 millions of gold and about two milliards of silver," but everyone admits that in 1838 the whole of the French circulation did not include more than 200 millions of gold, or scarcely 5 per cent. out of a total circulation of four milliards."—Vol i. p. 562.

Thus in 1838 not over 200 million francs of gold were in circulation. In 1848, however, the movement had reached a considerably more developed stage. The *Enquête* says: "Since the law of Germinal, Ant XI, France has had no gold monetary circulation during the period before 1850. Up to that time silver was *our sole monetary circulation*, but after the gold discoveries of California and Australia gold took the place of silver in the general monetary circulation of the country."—Vol. ii. p. 396.

A more precise statement is furnished by the *Rapport de la Commission Chargée d'Étudier la Question de l'Etalon Monétaire* (Ministère des Finances) which reported in 1869: "According to the report of Gaudin dated 26 Brumaire An XI, France at that time had one-third of its coin circulation in gold. In 1848 almost all of this gold had disappeared. Out of 53 millions then possessed by the Bank only one million was in gold. This metal had disappeared because from 1808-1848 it had enjoyed a premium which reached, at times, 1.50 per cent." (p. 32.)

The "Enquête of 1858," established for the purpose of studying the monetary question, affords the following testimony (*Documents Relatifs à la Question Monétaire*, p. 8., Ministère des Finances): "People were not slow to perceive that the law of the year XI had attributed to gold a nominal value inferior to its commercial value; gold reached a premium, was sought in the market, and became quite rare in the circulation. In 1838 MM. Dumas and de Colmont expressed the opinion that the relation of gold to silver was in fact 1 : 15.75."

If more testimony is desired the reader may consult the six large volumes (now quite scarce) entitled *Enquête sur . . . la Circulation Monétaire et Fiduciare*, as follows: Vol. ii. p. 356, vol. iv. p. 218, vol. iv. p. 232, vol. iv. p. 372, vol. iv. p. 391, vol. iv. p. 397, vol. iv. p. 467, vol. iv. p. 561, vol. iv. p. 693, vol. iv. p. 924, vol. ii. p. 590, vol. iv. pp. 429, 430, 457, 546, 694, 708, 947, 964, 486, 487, 709.

Many other facts attest the accuracy of this statement. During the period 1803–1848 comparatively little gold was coined. The following is a summary of the French coinage of gold and silver, 1795–1847:

Gold	- - - -	1,186,189,220 francs.
Silver	- - - -	3,990,675,971 "
Total	- - - -	5,176,865,192 "

Thus the annual average coinage is:

Gold	- - - -	22,811,331 francs.
Silver	- - - -	76,743,768 "

During the eighteen years ending 1848 the average is:

Gold	- - - -	11,995,155 francs.
Silver	- - - -	97,237,402 "

"The quantity of money augmented but gold was scarce."¹

From 1795 to 1848 gold formed 22.9 per cent. of the coinage, silver 77.1 per cent. From 1830–1848 silver was 89.1 per cent. and gold 10.9 per cent.²

With the advent of the new gold the aspect of things was completely changed. The coinage for the next eight years was as follows:

	Gold	Silver	Total
1848.....	39,607,740	119,731,095	159,428,835
1849.....	27,100,560	206,548,663	233,658,223
1850.....	85,192,390	86,458,485	171,650,875
1851.....	269,709,570	59,327,308	329,036,878
1852.....	27,028,270	71,918,445	98,946,715
1853.....	312,964,020	20,099,488	383,063,508
1854.....	526,528,200	2,123,887	528,652,087
1855.....	447,427,820	25,500,305	472,928,125
1856.....	508,281,995	54,422,214	562,704,209
1857.....	572,561,225	3,809,611	576,370,836
1858.....	488,689,635	8,663,568	497,353,203
1859.....	702,697,790	8,401,813	711,099,603
Total	4,007,888,215	667,004,885	4,674,893,100

This affords a striking contrast with the preceding period. The annual average up to 1857 was 249,325,507 francs gold and 71,781,099 francs silver, or 77.6 per cent. gold and 22.4 per cent. silver. Never since 1795 had less silver been coined than in 1854.³

The table of exports and imports given above tells the same story. After 1852 the import of gold rose suddenly from 16 million francs to

¹ LEVASSEUR, *La Question de l'Or*, p. 105.

² *Ibid.*

³ *Ibid.*

290 millions in 1854, to 416 millions and finally in 1857 to 448 millions. From 1853-1857 France gained 1745 millions of gold.

The movement of silver was of course exactly the reverse. Up to 1852 it came in considerable quantities. In that year, however, the reaction set in. The excess of exportation for the year was 250 millions. In 1853 it was 116; in 1854, 164; in 1855, 197; in 1856, 284; in 1857, 362 millions. During the last five years, France lost 1126 millions of silver, an annual average of 225 millions.

Thus the law of 1803 did not secure a "concurrent circulation". It furnished a circulation composed of the metal cheapest with reference to the ratio of 15½:1. From 1803-1848 this metal happened to be silver; from 1848-1858 it happened to be gold. The transition from a silver to a gold medium of exchange was gladly welcomed by the French people who found the latter metal better suited than silver to the needs of their expanding commerce. "Despite the very profound change which had come about in the metallic circulation in consequence of the inflow of gold and the departure of silver, the public in general and commerce in especial did not manifest either anxiety for the present or apprehension for the future. They did not appear to suffer for they did not demand any remedy."¹

H. PARKER WILLIS.

A SCARCITY OF GOLD?

IN a recent number of the journal of the Austrian economists appears an article from the Dutch of N. G. Pierson entitled "A Scarcity of Gold?"² Though a professed believer in the theory of international bimetallism the author answers the question which he discusses decidedly in the negative. The arguments advanced by him to show that the so-called appreciation of gold has not been produced by causes

¹ *Documents Relatifs à la Question Monétaire; Enquête de 1858* (Ministère des Finances) p. 8. A striking commentary on the attitude of the French people is found in the two large volumes containing the depositions of the principal financiers of France entitled *Enquête sur la Question Monétaire*. One passage in the report reads: "Will the opposite evolution be as simple, and will the public lend itself voluntarily to the restoration of silver and the exodus of gold? Assuredly not, and a change, the reverse of that which has occurred during the last twenty years would be sure to excite the most lively repugnance." Vol. i. p. 563.

² "Goldmangel?"—*Zeitschrift für Volkswirthschaft, Socialpolitik und Verwaltung*. IV. Band, 1. Heft.